

Executive Registry

176-12089

January 12, 1976

MEMORANDUM FOR:

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SUBJECT: Ambassador Bush/Meeting with

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This is to confirm our telephone conversation on 8 January concerning [redacted] appointment with Ambassador Bush on Thursday, 15 January, at 4:45 P.M. [redacted] would like fifteen or twenty minutes with the Ambassador, who agreed to a private appointment during a meeting with [redacted] on 22 December.

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[redacted] currently is Consultant to the DCI for Legislative Matters.

He also recently was referred to in the press. (See attached New York Times article.)

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If the Ambassador would like additional background material on [redacted] you may contact the latter directly on [redacted]

STATINTL

Executive Assistant to the DCI

DKG:lm (12 Jan 76)

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## Brandt Party Aides Tell of C.I.A. Contacts

By CRAIG R. WHITNEY

Special to The New York Times

BONN, Jan. 8—Amid reports of a \$6-million program of Central Intelligence Agency support for non-Communist parties in Italy, some leading Social Democrats in West Germany concede that their party has had close contacts with the C.I.A. for nearly two decades.

The party, headed by former Chancellor Willy Brandt, is the dominant force in Chancellor Helmut Schmidt's coalition Government.

In the chaotic and uncertain years of the Allied Military Occupation, 1945 to 1949, the Social Democrats were struggling to get established and Mr. Brandt was one of the young leaders whom American authorities helped.

In a series of interviews in recent weeks, both West German and American officials provided some glimpses into the long history of close cooperation since the war between American intelligence and the major West German democratic parties. The Social Democrats, as the major non-Communist political force on the left, were of particular interest to the American agencies in the days of the cold war, these officials say.

#### Denials on C.I.A. Funds

All those who were interviewed denied that the Social Democratic Party or affiliated foundations and labor unions knowingly accepted funds from the C.I.A. in the years after the war or more recently.

Last year, reports from Washington implied that the agency was using the Social Democrats and other Western European parties and labor organizations to funnel money to the Portuguese Socialists to use in their struggle with the Portuguese Communists. Mr. Brandt described imputations about his party as "lies and fabrications."

But he and others concede that between 1945 and the founding of the West German Federal Republic in 1949, United States Army intelligence and the C.I.A.—after 1947—played direct, even essential, political roles.

"We don't need money from intelligence sources," said Holger Börner, the party's general manager. "We are a party of dues-payers," he went on, "and anyone who took money knowingly from an outside source would be expelled." The Social Democrats have 961,000 registered members, who pay dues of \$1 to more than \$400 a month.

"There never was any C.I.A. money," insisted Stephan Thomas, who headed the Social Democrats' secret "East Bureau," a major source of intelligence and contacts in Soviet dominated East Germany from 1947 to 1966. "There was only

informal, though extensive, cooperation," he said.

It was in these operations in the East—and in the related area of taking care of refugees who had left the Soviet zone for West Germany—that cooperation between Social Democrats and the C.I.A. was closest. German and American sources said.

#### The East German Uprising

A good example was what happened on the night of June 15, 1953, a day before the uprising of thousands of East German workers protesting against harsh working conditions. Mr. Thomas, the head of the East Bureau, said the first hints that "something terrific was in the wind" were telephone calls he received in Bonn.

"I rang up an American 'friend' and told him. I have to fly to Berlin right away—something fantastic may be going to happen" he recalled. "The Americans made a plane available and I flew over that very night." By June 17, stone-throwing workers had taken to the streets and overpowered East German law-and-order forces. It took Soviet tanks to crush the rebellion. East German writers have charged that East Bureau agents fomented it, at the behest of the C.I.A.

"That is nonsense," said Mr. Thomas, who is now retired. "We were always very careful to avoid any confusion of our agents and the American agents. All there was was informal exchange of information, and what we had was very specific, on working conditions in the factories over there." The money for the East Bureau came from the Social Democratic Party and from the federal Ministry of All-German Affairs, Mr. Thomas said.

#### War's End and Uncertainty

"East Bureau" has a cold-war ring to it now, but when it was started in 1947, Germany was a tense and uncertain country. The division into two countries was still two years away, and many family ties crossed the borders of the four Allied zones of occupation.

The Social Democratic party, the only political organization from pre-Hitler era to survive, had 681,000 members in the Soviet zone when the party was forced to merge with the Communists there in April 1946. Thousands of Socialists were later purged and arrested after 1948; the main job of the East Bureau was to help them and their families get out.

Most of those who did escape were interviewed by C.I.A. interrogators in the refugee camps, the Germans say. Mr. Thomas said this was nothing that the East Bureau could control: its main job, he said, was to keep the party leadership supplied with information about Soviet actions and intentions.

"We had to explain it to the Western Occupation authorities," Mr. Thomas said of the founding of the East Bureau in 1947. "No political activity of any kind could take place without Allied permission." In 1947, he said, he consulted Seymour R. Bolten, an American intelligence officer in Berlin, about founding the bureau.

#### Germans Couldn't Choose

Mr. Börner, the party's general manager, said of that period: "It wasn't possible for us as Germans, in an occupied country, to choose the particular officers with whom we had to consult, or to refuse to talk to one if he had connections with an intelligence agency. Fewer and fewer of the Americans we saw were wearing uniforms as time went on so it got harder and harder to tell."

The Army's Counter Intelligence Corps and, after 1947, the C.I.A., became directly involved in aiding or infiltrating a number of fledgling West German and Austrian political parties. "There was a lot of what we call 'political action' in the old days," an American source said, "but it was wild and uncontrolled."

Army intelligence infiltrated and even financed an Austrian neo-Nazi party, the independents' Bloc, the American source said. "I was very worried about it and wanted

to keep an eye on the right wing from the very beginning."

After the Independents' Bloc won 12 percent of the Austrian national vote in 1949, the source said, "the Americans decided to try to pay the Austrian People's Party \$50,000 to campaign hard against the Bloc in the Tyrol and Salzburg areas—to wreck it."

"But they couldn't figure out how to get the money down there," the source went on; they wanted to use the Italian Christian Democrats, but it never got done. If it had been, it probably would have been written up as the most successful "political action" in history—the bloc was clobbered in the 1953 elections.

Mr. Börner and others in the Social Democratic Party deny that it ever received such support. But the United States Government supported many things in its zone—newspapers, magazines, the formation of labor union organizations—after the war. "It's entirely possible that the Social Democratic Party received money from organizations like this unwittingly," said a close friend of Mr. Brandt.

Official American sympathies at the height of the cold war of the 1950's were not with the Social Democrats but with Konrad Adenauer's powerful and conservative Christian Democratic Union. Chancellor Adenauer allied himself with the views of Secretary of State John Foster Dulles on the confrontation between Communism and Western democracy.

Most of the contacts between the American Government and the Social Democrats during the late 1950's and early 1960's, an American source said, were made through the C.I.A.

Mr. Bolten was the C.I.A. chief in Bonn from July 1955 to July 1960, according to information from Washington. Mr. Brandt befriended and respected Mr. Bolten; the retired intelligence officer came to a White House dinner in Mr. Brandt's honor in April 1971.

It was Mr. Brandt, chairman of the Social Democratic Party since 1964, who began the West Germany policy of detente with East Germany and the Soviet Union as Foreign Minister after 1966. Over the last 12 years, he said recently, "not one penny has passed from the C.I.A. to the Social Democratic Party."